



STATE BOARD OF EQUALIZATION
PROPERTY TAXES DEPARTMENT
450 N STREET, MIC: 64, SACRAMENTO, CALIFORNIA
PO BOX 942879, SACRAMENTO, CALIFORNIA 94279-0064
TELEPHONE (916) 445-4982
FAX (916) 323-8765
www.boe.ca.gov

August 1, 2001

JOHAN KLEHS
First District, Hayward

DEAN ANDAL
Second District, Stockton

CLAUDE PARRISH
Third District, Torrance

JOHN CHIANG
Fourth District, Los Angeles

KATHLEEN CONNELL
State Controller, Sacramento

JAMES E. SPEED
Executive Director

No. 2001/051

TO COUNTY ASSESSORS AND INTERESTED PARTIES:

PROPERTY TAX RULE 137, APPLICATION OF THE WELFARE EXEMPTION TO
PROPERTY USED FOR HOUSING

The Property Taxes Department has received a number of questions regarding the application of Property Tax Rule 137, *Application of the Welfare Exemption to Property Used for Housing*, which became effective December 31, 1999. The purpose of Rule 137 was to clarify the Board's interpretation of the welfare exemption as it applies to housing and related facilities owned and used by qualifying religious, hospital, and charitable organizations. Thus, Rule 137 implements, interprets and clarifies existing law. To the extent the exemption was applicable to qualifying housing and related facilities in the past, but no exemption was granted, refunds of taxes paid on housing qualified for exemption are appropriate, subject to section 5097 of the Revenue and Taxation Code¹ and subject to the late filing limitations provided in section 270. To the extent that the welfare exemption was not claimed, section 270 provides for late filing.

The assessor and/or the Board should require a claimant to submit documentation in support of its claim for exemption. This may be in the form of (1) a statement in the organization's tenets, canons or other written policy that the organization has the established practice or is obligated to provide housing to certain employees and/or volunteers who are required to live at the residence to carry out the exempt purpose of the organization; or (2) a statement with information about the organization's policies and practices for the purpose of establishing whether the organization's use of the property is incidental to and reasonably necessary for its exempt purposes. This statement should be on the letterhead of the exempt organization and signed by an officer or authorized representative of the organization.

The documentation should include (1) the identity of the occupant of the residential property; (2) the occupant's position or role in the organization; and (3) information about exempt activities for the purpose of establishing that the use of the property is incidental to and reasonably necessary for the accomplishment of the exempt purpose of the organization. This information may be submitted to the assessor by providing a calendar of events or listing of activities taking place at the residence.

¹ All statutory references are to the Revenue and Taxation Code unless otherwise specified.

Under section 5097, claims for refund of taxes must be made within four years of the date the taxes were paid, not the due date or the delinquency date. However, if the taxes have not been paid, there is no time limit on when the exemption claim can be filed to receive a cancellation of taxes.

If you have any questions regarding the content of this regulation, please contact the Exemptions Unit at (916) 445-3524.

Sincerely,

Richard C. Johnson
Deputy Director
Property Taxes Department

RCJ:gf:cg